

IDAHO BARLEY COMMISSION MEETING MINUTES OCTOBER 27, 2010, RIGBY, ID

I. Roll Call – Chairman Dwight Little called the IBC meeting to order at 9:10 a.m. on Wednesday, October 27, 2010 at Me and Stan's Restaurant in Rigby, ID. **Attendees included:**

Dwight Little, Chairman
Tim Dillin, District I Commissioner
Ron Elkin, District II Commissioner
Clay Kaasa, Industry Representative
Kelly Olson, Administrator

Guests included: Terry Whiteside, Whiteside & Associates, Billings, MT; Scott Brown, IGPA President, Soda Springs; Steve Balster, Anheuser Busch-InBev, Idaho Falls; Don Dixon, Office of Senator Mike Crapo, Idaho Falls; and Gary Fuhrman, Idaho Farm Bureau Federation, Pocatello.

II. IBC Meeting Minutes

The minutes from the IBC's June 7-8, 2010 meeting were reviewed. **A motion was made by Commissioner Ron Elkin, and seconded, to approve the minutes for the June 7-8, 2010 IBC meeting as presented. The motion carried 4-0.**

III. Terry Whiteside's rail transportation report – The meeting agenda was suspended to allow Terry Whiteside the opportunity to present his rail transportation report early so that he could return to Billings, MT, at a reasonable hour. Terry presented a powerpoint presentation on the status of STB reauthorization/rail competition legislation pending action during the lame-duck session of the 111th Congress (S. 2889). Mr. Whiteside noted that S. 2889 had passed the Senate Commerce Committee by unanimous vote last December 18, but never had floor consideration. In a recent committee hearing on September 15, Chairman Rockefeller accused the railroads of stonewalling, noting that many of the major railroads were enjoying record profits. Terry reported there could be an attempt to attach the STB reauthorization/anti-trust measures to an omnibus spending bill in the final days of the 111th Congress. He speculated that if that effort fails, new legislation will be drafted early in the 112th Congress, but it will likely look different. Terry also reported on the escalation of Idaho wheat and barley rail rates to the PNW (now some of the highest in the country on a percent of variable cost basis) and pending MT rail complaints.

IV. IBC Budget Report

FY 2010 final and FY 2011 revised IBC budgets – The Administrator reviewed the income and expense summaries and reserve balance for FY 2010, which ended June 30, 2010 and the IBC's revised FY 2011 income and expense projections. She noted that **FY 2010 actual income was \$427,419** (\$13,708 above the June 8 estimate), **actual expenses were \$470,690** (\$7,713 below June 8 estimate), **draw down of reserves in the amount of \$43,271** (\$21,417 less than June 8 estimate) and a **reserve balance of \$562,259**. **FY 2011 income was revised to \$386,659** (compared to estimate of \$370,000 on June 8) based on USDA production estimate of 43.7 million bushels. **Expenses were cut by \$6,900 to \$430,056**, due to selective budget holdbacks that were implemented by the IBC board in July (\$3,400 cut from US Grains

Council contract, \$1,000 cut from National Barley Foods Council contract, \$1,500 cut from IGPA contract and \$1,000 cut from information/education). This leaves a **projected draw-down in reserves of \$43,397 and reserve balance of \$518,862.** The board confirmed that the \$6,900 holdbacks in FY 2011 should be made permanent.

Monthly check-off receipts, balance sheet and income statements -- The Administrator reviewed budget reports as of October 26, 2010, showing check-off receipts totaling \$134,123.91, which are \$2,572.80 lower than for the same period last year. The Administrator reviewed the IBC's balance sheet and income statement, showing assets at \$598,045.84; total income to date at \$135,882.60, 37% of the budgeted amount for the year; and expenses at \$104,773.23, 22% of the budgeted amount. **A motion was made by Commissioner Tim Dillin, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.**

FY 2009 and FY 2010 financial audit – The Administrator reviewed the financial audit report presented by Bailey & Company for FY 2009 and 2010 operations of the Idaho Barley Commission. There were no audit findings to review. She noted that Bailey & Co. had noted the standard concerns about a lack of internal control that is caused by all financial functions invested in a single individual, which is typical of a very small two-person office like the IBC. However, the Administrator also noted that IBC continues to implement additional safeguards, including a requirement that the Administrator reconcile bank statements and that the chairman and administrator initial all payable documentation.

V. IBC Administration

2010 crop report and preview of 2011 malting contracts – The board discussed the 2010 production estimate released by USDA on September 30 or 43.71 million bushels (down 10% from 2009) from 470,000 harvested acres (down 8%). U.S. barley production was down 20% to 181.9 million bushels and harvested acreage was down 21% to 2.47 million. The Administrator reviewed a packet of information she prepared on historical Idaho barley acreage (down 40% since 1991), production (down 26% since 1991 and second lowest in past 20 years) and a breakdown of regional and county barley production. Board members discussed production and quality outcomes in each of their regions and the outlook for 2011 malting barley contracts.

LIA sponsorship request for Derek Reed – The Administrator reviewed the request submitted by Matt Gellings, Bonneville County Grain Producers, for sponsorship support for Derek Reed's participation in the 2010/11 Leadership Idaho Agriculture program. Derek is a 3rd generation malting barley grower who farms with his dad in the Osgood area. There was discussion about the IBC's LIA account which was cut during the July holdbacks. The Administrator indicated that she could find the \$1,000 required savings in the information/education category while still providing some level of LIA sponsorship. **A motion was made by Industry Representative Clay Kaasa, and seconded, to provide \$500 sponsorship from the Idaho Barley Commission for Derek Reed's participation in LIA. The motion carried 4-0.**

Grower Outreach Strategy - The Administrator reviewed 2010 grower outreach activities, which continue to be focused primarily in eastern Idaho where more than 65% of the state's barley is grown:

10/27 - Barley grower/industry townhall breakfast, **Rigby (40+ growers attended)**

7/27 – **Soda Springs** field day; **Caribou County** IGPA BBQ

7/28 – **Ashton** field day (UI); IBC major BBQ with **Mud Lake** growers (co-hosted by Osgood Grain and Great Western Malting – 65+ growers and spouses attended)

6/29 – MillerCoors field day; private meeting with Steve Rockhold, **Burley**

The Administrator noted there were no other specific activities planned for the remainder of 2010, but looking ahead she indicated that breakfast meetings would be scheduled in January in Mud Lake and Ashton and a major BBQ in Newdale next July (rotating every other year between Newdale and Mud Lake).

IBC assessment changes / possible 2011 legislation – The Chairman led a discussion on what steps should be taken to address long-term funding stability for the IBC. The board felt that there was a one to two year window of opportunity to address the IBC assessment based on the Nov. 2009 barley grower referendum results (53% vote in favor of flexible assessment not to exceed 1.9 cents per bushel or 4 cents per hundredweight). IGPA President Scott Brown reported that recent feedback from state legislative leaders has not been very encouraging concerning any type of tax measures in the 2011 session. Scott reported that IGPA Executive Board voted at a meeting held the previous week to form a committee to evaluate a possible merger of barley and wheat commission boards and operations. He said that he had conducted an internal evaluation of commission spending and did not feel that there would be very significant cost savings by such a merger but IGPA felt that they needed to explore all options before taking legislation forward to increase the two grain assessments. IBC board members expressed their own opinions on this subject, with a consensus that they did not want to see barley's focus diluted by a combined board. **The IBC board officially requested that the IGPA begin laying the groundwork to bring barley assessment legislation in the next one to two years.**

VI. IBC Program Review

IBC Research

Request for long-term funding commitment for the operation of the UI Tetonia Research and Extension Center – The Administrator reviewed a request submitted by Dr. Donn Thill on behalf of CALS Dean John Hammel to the IBC for a five year funding commitment to support operations of the Tetonia Research & Extension Center. Chairman Dwight Little and Industry Representative Clay Kaasa expressed strong support for funding support for the Tetonia R&E center, as evidenced by IBC's early commitment to provide funding in the current fiscal year, but did not feel that the IBC should bind future board operations with a five-year contractual obligation. Commissioners Ron Elkin and Tim Dillin concurred. All four board members stressed the need to have flexibility in evaluating the need and performance of the Tetonia station, in light of IBC's evolving strategic priorities. The board did, however, want to convey its commitment to the CALS management and remain actively involved in helping to reshape Tetonia operations to better serve grain and potato grower interests with reduced funding. **A motion was made by Commissioner Tim Dillin, and seconded, to provide a funding commitment of \$15,300 in FY 2012 for the UI Tetonia Research & Extension Center. The motion carried 4-0.**

Report from Dr. Juliet Marshall, UI SE/SC cereal agronomist and pathologist – Dr. Marshall reported on several developments in her SE/SC Idaho cereal agronomy and pathology program and the Barley for Rural Development (BRD) special research grant funds she receives from Congress (via Montana State University). She noted that the UI still had not received FY 2010 BRD funds. FY 2011 funds are in doubt because the federal agricultural appropriation bill has not yet been passed by Congress and there likely will be an effort to kill special earmarks like BRD due to a new emphasis on deficit reduction. Juliet also reported on her efforts to train and mentor many county extension faculty across the state, many of whom are being re-assigned to new counties and/or or new crops (cereals). She described a hub and spoke model that she was working to implement, which will require an additional investment of her time in the

near-term. The IBC board encouraged Juliet to work closely to support these county faculty, but they also noted that in most cases they did not rely on their county extension faculty for cereal crop questions.

IBC Grower Services

Barley crop insurance developments – The Administrator reported on two crop insurance efforts that she has been directly involved in during the past several months:

- (1) Provide input to the USDA Risk Management Agency (RMA) on how the feed barley price guarantees should be derived under the 2011 combo policies;
- (2) Adjust the new Specialty Type Barley Insurance so that producers who exceed 110% of their contracted malting and/or food acreage can still participate in this policy.

Risk management education – In FY 2011, the IBC received a \$12,000 education grant from the Western Center for Risk Management Education (total of more than \$93,000 in grant funding from 2001-2010). Our 2010-11 project entails several elements:

(1) **Series of at least four advanced training**, using various live and web-based workshop formats, focusing on: grain marketing and malting barley pricing options; barley crop insurance; managing production costs; and improving on-farm energy efficiencies.

- 1st webinar on Grain Market Outlook and Strategies for 2011 Malt Contracting was delivered by Kelly Olson and Craig Corbett on Sept. 14, 2010.
- 2nd webinar on Technical Trading Trends in Futures Contracts / Current Grain Market Outlook, scheduled to be delivered on Nov. 10, 2010 by Craig Corbett and Kelly Olson.
- 3rd webinar confirmed for January 18, 2011 on farm machinery financing: ownership vs. leasing to be delivered by Iowa State Univ. ag economist William Edwards.

(2) Develop and implement **estate and business succession short courses** in Grangeville and Genesee in January and March 2011 (led by UI Lewis County Extension Educator Ken Hart). Planning is underway. We have made a request to Idaho Farm Bureau Federation to provide assistance with videotaping so that material from this short course can be made available in other areas of the state (request pending).

(3) Create and distribute a **new Idaho Grain Market Advisory Service** that tracks and reports current real-time grain market/price trends (both fundamental and technical) and extrapolate to specific Idaho grain crops and markets. We anticipate this service will be offered for free to producers through-out the state for a trial 3-5 month period and then transitioned to a subscription fee service. **This new educational tool has been subcontracted with Craig Corbett and was initiated on June 23, 2010. We are conducting a grower/user evaluation in November 2010 on future status as a paid subscription.**

National Barley Growers Association (NBGA) – Chairman Dwight Little reported on the summer NBGA board meeting that was held June 21-23 in Denver/Golden, CO. He commented that he felt the agenda should have had more policy content.

IGPA report – IGPA President Scott Brown summarized key efforts, including:

- **2010 OR-ID Grains Convention** – scheduled Dec. 1-3 in Portland. Planning is progressing on schedule and the sponsorship goal has almost been reached.
- **2012 Farm Bill** – not sure if schedule may be pushed back pending outcome of mid-term elections. He noted that the Ranking Republican member of the House Committee on Agriculture, Rep. Lucas of Oklahoma, was more supportive of maintaining direct payments.
- **Small Brewer excise tax reduction**
- **Crop insurance**
- **Environmental regulations**
- **Rail**
- **Ag Research** – IGPA is part of an in-state coalition effort to maintain/restore state general funding for UI CALS.

IBC Market Development

U.S. Grains Council (USGC) barley mission to Japan on Nov. 14-20 - Commissioner Tim Dillin reviewed the itinerary for the annual barley to Japan.

VII. IBC Value-Added Strategic Initiatives – The Administrator quickly highlighted some recent developments in winter barley variety development and food barley markets, but detailed discussion was deferred until the December 2 meeting.

VIII. Other / Calendar

Officer Election – A unanimous ballot was cast for Ron Elkin for Chairman and Tim Dillin for Vice Chairman.

Travel Authorizations – The board reviewed several out of state travel requests. **A motion was made by Commissioner Ron Elkin, and seconded, to approve the following travel for the period November 2010 through February 2011. The motion carried 4-0.**

November – 2 people to potentially travel to Kansas City to meet with USDA/RMA on barley crop insurance issues

Nov. 14-20 – Commissioner Tim Dillin to participate in US Grains Council's annual barley mission to Japan

Dec. 1-3 – All commissioners and staff to travel to Portland to participate in 2010 OR ID Grain Convention

Jan. 11-13, 2011 – Commissioner Tim Dillin and Administrator Kelly Olson to travel to San Diego to participate in AMBA's Barley Improvement Conference

Feb. 6-10, 2011 – Industry Representative Clay Kaasa and Administrator Kelly Olson to travel to New Orleans to participate in USGC Annual International Marketing Conference (along with Commissioner Ron Elkin).

A final motion was made by Industry Representative Clay Kaasa, and seconded, to approve all acts and transactions of the October 27, 2010 IBC meeting. The motion carried 4-0.

With no other business, the IBC meeting was adjourned by Chairman Dwight Little at 5:05 p.m. .

Dwight Little, Chairman

Date

**IBC MEETING
OCTOBER 27, 2010
MOTIONS PASSED**

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2. A motion was made by Commissioner Tim Dillin, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.
3. A motion was made by Industry Representative Clay Kaasa, and seconded, to provide \$500 sponsorship from the Idaho Barley Commission for Derek Reed's participation in LIA. The motion carried 4-0.
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